



Title: I, Payroll/Personnel Manual

Chapter:

Bulletin: Title I, 06-4A, Relocation, Retention, and Recruitment Incentives (Amended Bulletin)

Date: April 26, 2006

To: Holders of the Payroll/Personnel Manual

This bulletin replaces Bulletin 06-4, Relocation, Retention, and Recruitment Incentives, dated March 17, 2006. Additional information has been added in bold. Please disregard the original bulletin and replace it with this version.

On October 30, 2004, the Federal Workforce Flexibility Act (Public Law 108-411) was signed. Title I, Section 101, covered changes to recruitment, relocation, and retention incentives (3R's). In response to these changes, the Office of Personnel Management (OPM) issued interim guidance in CPM-2005-08 on May 10, 2005, to update its guidelines for payment of the 3R's. These changes became effective May 15, 2005. As of Pay Period 08, 2006, the National Finance Center (NFC) has updated the Payroll/Personnel System and the Entry, Processing, Inquiry, and Correction System (EPIC) to accommodate this change.

The information in this bulletin is not intended to be all-inclusive and is to be used in conjunction with OPM guidance ([www.opm.gov](http://www.opm.gov)) and regulations contained in Title 5 of the Code of Federal Regulations (CFR).

## Recruitment

An agency may pay a recruitment incentive to a newly appointed employee if the agency has determined that the position is likely to be difficult to fill in the absence of an incentive. This determination must be made on an individual, case-by-case basis before the employee enters on duty. An agency may target groups of positions and make this determination on a group basis. The following guidelines apply to recruitment incentive:

- The recruitment incentive is computed based on the employee's adjusted salary.
- For employees on pay retention (J, K, U, V, 3, or R), the adjusted salary is not used in the computation. For these employees, the incentive is computed on step 10 of the employee's current grade on the locality pay table or the special salary rate table, whichever is higher.
- The recruitment incentive may not exceed 25% of an employee's adjusted salary (including locality pay or special rate supplement) in effect at the beginning of the service period multiplied by the number of years in the service period (not to exceed four years). With OPM approval, the payment may be increased not to exceed 50% of the employee's adjusted salary (including locality pay or special rate supplement) at the beginning of the

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service period multiplied by the number of years in the service period. Under no circumstances may the total recruitment incentive received exceed 100% of the employee's adjusted salary at the beginning of the service period.

- The recruitment incentive may be paid as a lump sum, in installment payments, or a combination of the two. The payment may be made in installment payments, in balloon payments, or combination thereof.
- Political appointees (Presidential appointees, Noncareer Senior Executive Service (SES), and Schedule C employees) are not eligible to receive a recruitment incentive.
- The annual reporting requirement for Calendar Year 2005 through Calendar Year 2009 is the number and dollar amount for the calendar year.

### **Relocation**

An agency may pay a relocation incentive to a current employee who must relocate to accept a position in a different geographic area if the agency determines that the position is likely to be difficult to fill in the absence of an incentive. The following guidelines apply to relocation incentive:

- The relocation incentive is computed based on the employee's adjusted salary.
- For employees on pay retention (J, K, U, V, 3, or R), the adjusted salary is not used in the computation. For these employees, the relocation incentive is computed on step 10 of the employee's current grade on the locality pay table or the special salary rate table, whichever is higher.
- The relocation incentive may not exceed 25% of an employee's adjusted salary (including locality pay or special rate supplement) in effect at the beginning of the service period multiplied by the number of years in the service period (not to exceed four years). With OPM approval, the payment may be increased not to exceed 50% of the employee's adjusted salary (including locality pay or special rate supplement) at the beginning of the service period multiplied by the number of years in the service period. Under no circumstances may the total recruitment incentive received exceed 100% of the employee's adjusted salary at the beginning of the service period.
- The relocation incentive may be paid as a lump sum, in installment payments, or a combination of the two. The payment may be made in installment payments, in balloon payments, or combination thereof.
- The employee receiving the relocation incentive must have a fully successful or higher performance rating.
- Political appointees (Presidential appointees, Noncareer SES, and Schedule C employees) are not eligible to receive a relocation incentive.
- The annual reporting requirement for Calendar Year 2005 through Calendar Year 2009 is the number and dollar amount for the calendar year.

### **Retention**

An agency may pay a retention incentive to a current employee if the agency determines that the

unusually high or unique qualifications of the employee or a special need of the agency for the employee's services make it essential to retain the employee and that the employee would be likely to leave the Federal service in the absence of a retention incentive. The following guidelines apply to retention incentive:

- The retention incentive is computed based on the employee's adjusted salary.
- For employees on pay retention (J, K, U, V, 3, or R), the adjusted salary is not used in the computation. For these employees, the incentive is computed on step 10 of the employee's current grade on the locality pay table or the special salary rate table, whichever is higher.
- The retention incentive may not exceed 25% of an employee's adjusted salary (including locality pay or special rate supplement) in effect at the beginning of the service period multiplied by the number of years in the service period. With OPM approval, the payment may be increased not to exceed 50% of the employee's adjusted salary (including locality pay or special rate supplement) at the beginning of the service period multiplied by the number of years in the service period.
- The retention incentive may be paid as a lump sum, in installment payments, or a combination of the two; however, it may not be paid as an initial lump sum at the start of the service period. If the retention incentive is paid in installment payments, the installments may be computed at the full retention percentage rate or at a reduced rate with the excess deferred to be paid at the end of the service period. The payment may be made in installment payments, in balloon payments, or combination thereof.
- Excess retention incentive payments that exceed the applicable aggregate pay limitation may be deferred and paid in a subsequent calendar year.
- The employee receiving the retention incentive must have a fully successful or higher performance rating.
- Political appointees (Presidential appointees, Noncareer SES, and Schedule C employees) are not eligible to receive a retention incentive.
- The annual reporting requirement for Calendar Year 2005 through Calendar Year 2009 is the number and dollar amount for the calendar year.
- Agencies are reminded that if they have not yet renegotiated their retention incentive agreements that were obligated prior to May 1, 2005, (i.e., under the old guidelines), they must terminate NOAC 810 no later than April 20, 2006. If agencies choose to establish a new retention agreement under the new guidelines, they must process NOAC 827 with the appropriate authority.

#### **Personnel Document Processing Instructions**

Information on processing the 3R's can be found on OPM's website ([www.opm.gov](http://www.opm.gov)) under "Quick Index", "Personnel Documentation", "Updates Via Email". This information is expected to be incorporated into the next release of OPM's Guide to Processing Personnel Actions. In the interim, the information is also included in the table below:

Incentive	Result	NOAC	Authority Code	Authority
Recruitment	Incentive must be less than or equal to 25% of the adjusted salary.	815	VPF	5 U.S.C. 5753
Recruitment	Incentive must be greater than 25% of the adjusted salary.	815	VPO	5 U.S.C. 5753(e)
Recruitment	Incentive is terminated and the percentage equals zero.	815	VPT	Agency MUST cite the law, Executive Order or regulation that authorizes the action.
Relocation	Incentive must be less than or equal to 25% of the adjusted salary.	816	VPF	5 U.S.C. 5753
Relocation	Incentive must be greater than 25% of the adjusted salary.	816	VPO	5 U.S.C. 5753(e)
Relocation	Incentive is terminated and the percentage equals zero.	815	VPW	Agency MUST cite the law, Executive Order or regulation that authorizes the action.
Retention	Incentive where employee receives biweekly payments in equal percentages and no service agreement is required. The incentive must be 25% or less for individuals and 10% or less for a group.	827	VPN	5 U.S.C. 5754(d)(3)(A)
Retention	The Nature of Action Code (NOAC) 827/VPN is terminated and the percentage equals zero.	827	VPX	Agency MUST cite the law, Executive Order or regulation that authorizes the action.

Incentive	Result	NOAC	Authority Code	Authority
Retention	Incentive where a service agreement is required. The incentive must be 25% or less for individuals and 10% or less for a group.	827	VPR	5 U.S.C. 5754(e)
Retention	Incentive must be greater than 25% for individuals and greater than 10% for a group.	827	VPS	5 U.S.C. 5754(f)
Retention	The NOAC 827/VPR or NOAC 827/VPS percentage equals zero.	827	VPY	Agency MUST cite the law, Executive Order or regulation that authorizes the action.

**In order to document incentives that were (1.) granted after May 15, 2005, (2.) authorized under the new regulations, and (3.) already paid via the Special Payroll Processing System (SPPS) or the Manual Pay process; the agency MUST enter the Remark 288 on the incentive document. Failure to do so WILL result in another payout.**

**Currently, the Recruitment (NOAC 815) and Relocation (NOAC 816) documents will only generate a one-time, lump-sum payment. Agencies that wish to pay in other increments must process the NOAC 815/816 for the total amount with the Remark Code 288 for documentation purposes only. The agency must then process actual payouts via SPPS or the Manual Pay process.**

**Currently, the Retention (NOAC 827) documents will only generate payment on a biweekly basis. Agencies that wish to pay in other increments must process the NOAC 827 for the appropriate percentage with the Remark Code 288 for documentation purposes only. The agency must then process the lump-sum payout(s) at the appropriate times via SPPS or the Manual Pay process.**

**If an agency receives OPM approval to waive the 25% maximum for Recruitment (NOAC 815) or Relocation (NOAC 816), and will be paying a lump sum greater than 50% (and no more than 100%) of the employee's salary to meet the terms of the agreement; an override code C will be required on the document.**

#### **EPIC**

Override Code **P** is to be used in EPIC in the Status Code field in conjunction with Personnel Edit Subsystem (PINE) Error Message 528, *Remarks Code X42 Required*. This code is used for cancellations and/or corrective actions when an agency erroneously places an employee on pay

retention.

### External Procedures

The EPIC and PINE procedures, which are available online at NFC's Web site, are being updated to include the information in this bulletin. To view and/or print these procedures, go to NFC's home page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click the **Pubs & Forms** icon and search for the applicable procedure.

For questions about policy/regulations, contact your Agriculture Payroll/Personnel User Group (AGPUG) representative or Committee for Agriculture Payroll/Personnel System (CAPPS) representative. Please refer questions about relocation, recruitment, and retention incentives to the Payroll/Personnel Call Center at **504- 255- 4630**.



MARK J. HAZUDA, Director  
Government Employees Services Division

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